

Message Text

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53

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

SP-02 FEAЕ-00 OMB-01 /084 W

----- 005700

O R 111235Z DEC 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 2904

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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DEPT FOR ARA/PAF

E.O.11652: N/A

TAGS: ETRD, BR

SUBJECT: GSP AND BRAZIL

43*: A. STATE 277467 B. BRASILIA 10239 C. BRASILIA 10288

1. SUMMARY: EMBASSY REQUESTS CLARIFICATION AND EXPLANATION
SOONEST OF EXCLUSION OF CERTAIN BRAZILIAN PRODUCTS FROM EFFECTIVE
GSP TREATMENT, AFTER WASHINGTON INDICATED IN REFTEL (A)
THAT THEY WERE TO RECEIVE SUCH TREATMENT. REFTEL (A) INDICATED
19 OF 22 BRAZILIAN PRIORITY ITEMS WOULD RECEIVE "GSP STATUS,"
AND THIS INFORMATION HAS BEEN WIDELY PUBLICIZED. GSP LIST,
PAGES 53-58, INDICATES 5 OF THESE 19 WILL NOT BE ELIGIBLE FOR
DUTY-FREE TREATMENT WHEN SHIPPED FROM BRAZIL. IF THESE 5 ARE
EXCLUDED, EXPLANATION OF THIS CHANGE OR ERROR WILL BE DIFFICULT.
END SUMMARY.

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2. ACCORDING TO REFTEL (A) ALL 11 ITEMS REQUESTED BY GOB

FOR INCLUSION IN GSP LIST DURING FIRST MEETING OF BI-LATERAL
CUNSULATIVE SUB-GROUP ON TRADE HELD IN BRASILIA OCTOBER 8-9,
1975, WERE GRANTED GSP TREATMENT. HOWEVER, EMBASSY HAS RECEIVED
COPY OF U.S. GSP LIST WHICH SPECIFIES (ON PAGES 53
THRUGH 58) THAT 2 OF THESE 11 PRODUCTS WHEN SHIPPED FROM
BRAZIL ARE NOT INTITLED TO DUTY-FREE TREATMENT BY
VIRTUE OF THE PROVISIONS OF THE SECTION 504 (C) OF THE TRADE
ACT OF 1974. THESE TWO PRODUCTS ARE TSUS 240.10 LOYWOOD WITH
A FACE OF SPANISH CEDAR AND TSUS 240.12 PLYWOOD WITH A FACE
OF PARANA PINE. IN ADDITION REFTEL (A) STATED THAT OF THE 11
PRODUCTS WHICH GOB SINGLED OUT FOR PRIORITY CONSIDERATION FOR
GSP TREATMENT IN ITS AIDE-MEMOIRE OF OCTOBER 1, 1975, 8 ARE
INCLUDED. U.S. GSP LIST (PAGES 53-58) INDICATES
THAT 3 OF THE 8 PRODUCTS ARE EXCLUDED FOR BRAZIL. THESE 3 ARE:
TSUS 730.27 FIFLES VALUED OVER \$10.00 BUT NOT OVER \$25.00,
EACH, TSUS 730.39 SHOTGUNS VALUED OVER \$5.00 BUT NOT
OVER \$10.00, AND TSUS 730.41 SHOTGUNS VALUED OVER \$10.00
BUT NOT OVER \$25.00 EACH.

3. IN A MAJOR EFFORT TO PUBLICIZE GSP, EMBASSY AND CONSULATES
HAVE WIDELY CIRCULATED STATEMENT THAT 19 OF BRAZIL'S
PRIORITY ITEMS WERE APPROVED FOR GSP. THE LIST OF THE 19
PRODUCTS HAS BEEN GIVEN TO CABINET OFFICERS
AND THE PRESS.

4. EMBASSY REQUESTS CLARIFICATION SOONEST CONCERNING
INCLUDENCE OR EXCLUSION OF THESE 5 PRODUCTS FROM U.S. GSP
VIA-VIS BRAZIL. COMPUTER PRINTOUT DATED NOVEMBER 21, 1975,
WHICH SHOWS U.S. IMPORTS FROM BRAZIL IN 502 OF THE GSP
CATEGORIES SHOWS THAT THE 5 CATEGORIES IN QUESTION INVOLVE
TRADE OF LESS THAN 2 MILLION DOLLARS IN EACH CATEGORY,
HOWEVER, IN ALL OF THESE 5 CATEGORIES THE PERCENTAGE
FIGURE IS GREATER THAN 50 PERCENT. THIS PERCENTAGE, UNDOUBTEDLY,
REFERES TO SECTION 504 (C) (1) (B) OF THE TRADE ACT OF 1974, ALTHOUGH
IT IS NOT EXPLICITLY INDICATED ON COMPUTER PRINTOUT.

5. COMMENT: EMBASSY SURMISES THAT ERROR OCCURRED WHEN
BRAZIL'S 22 PRIORITY ITEMS WERE CHECKED ONLY AGAINST THE
GENERAL GSP LIST AND NOT AGAINST BOTH "COMPETITIVE NEED"
CRITERIA. GIVEN THE GSP LIST AND THE COMPUTER PRINTOUT
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INFORMATION RECEIVED. EMBASSY ASSUMES THAT THE FIVE ITEMS
WILL BE EXCLUDED FROM GSP BECAUSE THAT SEEMS TO BE CONSISTENT
WITH THE LAW. HOWEVER, (1) SINCE WE HAVE ALREADY INFORMED
BRAZILIAN OFFICIALS AND THE PRESS THAT THE ITEMS WERE INCLUDED
BASED ON REFTEL (A), AND (2) SINCE THREE OF THE
PRODUCT CATEGORIES INVOLVED 1974 TRADE OF LESS THAN \$10,000,
WE ANTICIPATE SOME DIFFICULTIES IN EXPLAINING
EXCLUSION TO GOB. WOULD APPRECIATE DEPARTMENT'S GUIDANCE.

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